



# STATE OF THE STATE ADDRESS

## GOVERNOR JANET NAPOLITANO

---

PRESENTED TO THE 49<sup>TH</sup> ARIZONA LEGISLATURE  
FIRST REGULAR SESSION  
JANUARY 12, 2009



**STATE OF THE STATE ADDRESS  
49<sup>TH</sup> ARIZONA LEGISLATURE  
FIRST REGULAR SESSION**

**GOVERNOR JANET NAPOLITANO  
JANUARY 12, 2009**

Speaker Adams, President Burns, Honorable Senators and Representatives, Chief Justice McGregor and justices of the Supreme Court, Secretary of State Brewer and other constitutional officers, tribal leaders, honored guests and my fellow Arizonans:

It is my honor to stand before you today as Governor, and to deliver my report on the state of the state. This is a day of mixed emotions. On the one hand, I am very sad that this is very likely the final time I will address Arizonans in this manner. On the other hand, I am confident about the future of this state and proud of the work we have done together.

I have been called by our President-elect to serve in a new way, during extraordinary times. I am not alone in this call to serve. Indeed, this difficult time calls upon all of us to offer ourselves to the greater good, to build a stronger state and a stronger country.

The call to serve comes in many forms. For some, it means service in our armed forces; others will feel called to work on change here at the state capitol; yet others will offer service as volunteers in our communities.

For this Legislature, your call to serve will demand that you make decisions that are difficult in the short run but that need to be wise in the long run. Your task is to make Arizona safer, stronger and more prosperous than ever before. In the past six years, we have traveled a long way together, and we have come a long way toward this vision of safety, strength and prosperity.

As Arizona is swept by national afflictions like faltering markets and growing deficits, it can be hard to remember the basic fact that should drive our state: Arizona is young and dynamic, and it is primed for success.

The task is to meet these great challenges with short-term decisions that do not dim the bright future of this remarkable state.

When I took office, our state faced a budget deficit that many thought would sink our priorities for Arizona. Since then – in surplus and in deficit – I have always presented you with a balanced budget plan that moved Arizona forward.

That's an important lesson as we look at our situation today: We don't have to go back. We do have to go forward.

As revenues increased, we set aside money in a rainy day fund, cut taxes and provided tax incentives for important areas like research and development. We implemented 26 of the 36



recommendations of the Citizens Finance Review Commission. We reviewed all state expenditures and undertook actions such as restructuring procurement and curtailing our use of energy. All told, our efforts have saved more than \$1 billion.

We have passed a balanced budget every year, but we still need to make significant adjustments in this year's budget because of the continuing recession. I have already given you a balanced budget plan for 2009; and as I have in every year I have served, I will present to the Legislature a detailed plan on how to balance next year's budget, still protecting important investments and accomplishing that without raising taxes.

But even as I deliver that budget plan this week, I hearken back to a statement from my First Inaugural Address: "Generations to come will not remember us for how we balanced the budget, or how we expanded or contracted the size of government. Instead, they will remember how we educated our children, how we protected our seniors, how we built a new economy, and how we made this wonderful state an even better place to live."

Together, we have provided better educational opportunities for our children. We have protected our seniors and built toward a new economy. We have moved Arizona forward, and the budget I present to you will be balanced and will protect what we have achieved.

As you know, there is nothing more important to me as Governor than the education of Arizona's children. We have added – and protected – a new grade level, voluntary full-day kindergarten, that gives thousands of Arizona students a head start in education that will benefit them for the rest of their lives. By vote of the people, we have set aside critical funding for early childhood education. We have enacted historic teacher pay raises and started a new center to train teachers in the critical fields of science, technology, engineering and math. We've quadrupled the funds going to our schools from our state trust lands. We've increased standards in high school for math and science, and we have cut the high school dropout rate nearly in half.

Yet, as always, there is more to do. We must build on what we have begun. Expanded resources must translate into ever-increasing levels of student achievement. The proportion of our education funds spent in the classroom must increase. The professional status – and the pay – of our classroom teachers must continue to improve, while we demand more of our administrators and elected school boards.

In difficult times, our state is called to show its commitment to the children of Arizona. Our public school system educates 82 percent of Arizona's students. Their future has to be Arizona's number-one priority. School choice is important; we can expand and preserve that choice through the growing institution of quality public charter schools.

Today's short-term budget decisions must not harm the long-term future of Arizona's children. If this Legislature cuts classroom spending, the people of Arizona will recognize such a cut for what it is – not a budget necessity, but a willful and unwise choice.

We must look at higher education in the same way. In the past six years, we have institutionalized the P-20 model in Arizona, which recognizes the reality that education is not



neatly segmented, but is instead a continuum of learning that begins at birth and lasts well into a chosen career path.

With this fact in mind, we have built up our universities with a new medical campus and labs that are attracting new research and hundreds of millions of dollars in new grants. We have tripled the state's commitment to student financial aid and launched a new program to put more middle school students on the path to college.

Last year, the Legislature also passed a plan to build and improve the physical infrastructure of our universities – a forward-thinking plan that accommodates future enrollment growth while quickly creating desperately needed construction jobs. It is a good plan, we can afford it, and we should put it into action now.

As we build up education, I am also proposing to you legislation that will widen our embrace of Arizona's veterans. Let us give them greater access to education by extending in-state tuition to every single veteran in Arizona. This will continue the important work of both of supporting our veterans and increasing the number of college graduates in our state.

Our universities and community colleges are economic engines. They give our students the skills they need to work in the good jobs of the future. We need to show the world that even during these hard times, Arizona is open for business. We will demonstrate this by continuing to build a highly educated workforce and by increasing our research capacity – through our universities as well as institutions like TGen and Science Foundation Arizona.

In the past years, I have given the universities a significant charge: to double the number of bachelor's degrees earned in Arizona by 2020. This is where we need to be to thrive in the high-tech economy. Universities have already experienced budget cuts, and we need to avoid deeper cuts that impair their educational and economic missions.

Our investment in higher education is an investment driven by this simple fact: the better future for Arizona that we are called upon to build cannot happen unless we train more doctors, engineers, teachers, scientists, entrepreneurs and those educated in the humanities and the arts. Protecting education is what I mean when I say we cannot sacrifice the long term for the sake of short term expediency.

As we commit to this critical knowledge infrastructure, we must also invest in our physical infrastructure. This is timely because it is likely that an infrastructure stimulus plan is on its way from the federal government. And it is important because we know this kind of investment creates jobs and creates wealth.

Last year, I asked you to hold hearings and prepare a statewide transportation plan for referral to the ballot. Sadly, the Legislature failed to do this, and then a citizen's initiative was kept from the ballot.

That citizen's initiative proposal made sense – and it still makes sense, both for our present because we will need jobs, and for the future, because we will need roads, highways, rail and



transit to support our growth. I ask you to build from this citizen's proposal, hold additional hearings, and allow the people of Arizona to have their say on this critical issue by 2010.

But infrastructure does not stop with transportation. With my budget, I am giving you a plan for desperately needed school buildings. These new buildings will be energy efficient, they will provide an economic stimulus and they will build a legacy that is able to serve this state for decades.

Arizona must also stay on the path toward greener future. We must continue to implement forest health measures that create new industries and protect our forested communities. We also must work to limit our greenhouse gas emissions through the Western Climate Initiative, and move forward in building a strong renewable energy sector, particularly with respect to solar energy. The entire nation is going in this direction – and Arizona has much to gain by being a leader.

Of course, as we continue to prepare for our future, we must not overlook those in need right now. In these difficult times, we are called to serve the Arizona families hit hardest by the economic storm. The national recession has meant that we have more people out of work or making less money than they did before. More Arizonans now depend on food banks as a regular source of food – a 42 percent increase in demand from one year ago. In the past year, more than 70,000 Arizonans have enrolled in state health care through AHCCCS and KidsCare; more than 150,000 Arizona families have received foreclosure notices. It would be wrong to hurt our seniors, our youngest children and those who are ill or disabled in the name of balancing the budget.

Many of those who need help now are people who have always worked hard and played by the rules, who have never had to ask for help before. All of these Arizonans deserve the chance to work toward a brighter future. It is our job to protect and continue to invest in the safety net for those hardest-hit in Arizona, so they can prosper when the storm passes.

By way of example, just this past year, we refocused our efforts to ensure that Arizonans are using the programs that can benefit them – such as the federal Earned Income Tax Credit. In the last year, this tax credit has placed nearly \$16 million back into the pockets of Arizona families, nearly one quarter more than the previous tax year.

In response to rising foreclosures, we have secured millions in federal funds to stem the worst effects of mortgage foreclosure on our neighborhoods, and we have dedicated millions of state dollars to fighting foreclosure and homelessness.

Budget deficits mean cuts, and cuts are hard. In the past two years, we have already cut \$1.8 billion; the budget I will present to you later this week will provide for further cuts.

Yet, as we tighten our belts, we must remember that this part of our call to serve means still caring for those less fortunate, and protecting services like education, foreclosure assistance, health care and shelter from abuse, neglect and domestic violence. To serve today means an added duty to protect the children who might otherwise fall through the cracks. These children



are growing and learning today – they deserve to be able to do so safely, without becoming sick, or hungry, or homeless.

Another imperative is to protect our advances in health care, including expanded access to KidsCare for families that need it, investments in health care technology to improve the delivery of care and substantial savings on prescription drugs. Some fear that little can be done right now about these pressing problems; but Congress is likely to increase aid for state Medicaid programs. And when this happens, Arizona can continue its work to improve health care by enacting quality-of-care measures, building our electronic health records infrastructure and implementing other reforms necessary to ensure that every Arizona family has access to a doctor when they need one.

There is no more fundamental function of government than to protect the public, and I am proud of what we have achieved in the past six years. Crime in Arizona has gone down in nearly every category. We have built the nation's first state anti-terrorism center and prepared ourselves to be ready for any disaster. We secured increased federal resources at the border, and state task forces have arrested hundreds of human smugglers. We have used innovative methods to attack the tools of the smuggling trade, such as money laundering and fraudulent identification. We have made Arizona the most innovative and active state in the nation in addressing – head-on – the consequences of our nation's broken borders.

We have to keep up this intense pressure on the border criminals who use violence and fraud to smuggle people and drugs into our country. This effort includes a bill I am presenting to you today that goes after those criminals by broadening the human trafficking laws we use to crack down on those who smuggle people across the border.

To be called to serve in difficult times means doing as much as possible with limited resources. We do not have as many law enforcement resources as any of us would like, and we are called to use them wisely to promote public safety the best we possibly can. We must continue to fight human smugglers, just as we have fought to take away their illegal weapons, stolen cars, drop houses and money-laundering channels. Tough law enforcement means smart law enforcement, for which we must always hold ourselves accountable.

In carrying out the call to serve in challenging times, the public must be our highest guide. There are several areas of government reform you should take up in order to strengthen the voice of the people and allow them a greater say in how Arizona can address its current obstacles and thrive into the future.

You must reform Arizona's initiative and referendum processes. While I disagree strongly with the state Supreme Court's decision to keep initiatives on transportation and state trust land reform off the ballot, our statutes must be revised to further the ability of the people to enact legislation. While it is incumbent on this Legislature to revisit transportation and state trust land reform, you must also consider reform of the initiative process itself.

When crafting these reforms, I urge you to increase access to the ballot by lowering our high signature requirements, but at the same time crack down on signature fraud by increasing the



number of signatures to be examined, banning payment by signature and registering paid circulators. You also must remove the initiative sponsors' now-unlimited ability to give their initiatives misleading names. These changes will help ensure that bureaucratic requirements do not mute the voice of the people in charting our future.

I also ask that you consider changes to the referendum process.

The Legislature should not be able to refer a potential law to the ballot without the same number of votes it would take to override a gubernatorial veto. Making this simple change would help preserve the balance of power between the executive and legislative branches.

Those of us who are public officials face a call to serve that is demanding. But each difficulty presents an opportunity to improve the quality of life in Arizona. Arizona would be well served if we follow the example set by our fellow citizens – Arizona's 1.1 million volunteers.

Those volunteers dedicate more than 180 million hours a year to serving their communities. They strengthen our neighborhoods and our state by giving their time and efforts to serve the young and the old, those who are sick and those are struggling.

Even state government has benefited from Arizonans' volunteer service. The thousands of Arizonans who volunteer their time for agencies such as our Game and Fish, Parks, and Public Safety Departments work hundreds of thousands of hours every year and save taxpayers millions of dollars.

Building upon this spirit of service, I am proud of a new addition to our state's 2-1-1 online system called "Give Help," which connects Arizonans with opportunities to serve. Arizonans can now go to [AZ211.gov](http://AZ211.gov) to donate resources or volunteer time to their communities and their state.

We must also recognize the inspiring service of the men and women of the Arizona National Guard. More than 6,000 of them have served in Iraq, Afghanistan and elsewhere – some on as many as three tours of duty. The sacrifice of these Guard members and their families is the highest example of service to our communities, our state and our country.

It is by working together – and by giving a greater measure of ourselves – that we will change the direction of our state and our nation.

For Secretary of State Brewer, answering the call to serve means taking on a major, unexpected role. I appreciate the duties and responsibilities that she will assume if I am confirmed as Secretary of Homeland Security and she becomes Governor. I have – and will continue to – work with her closely on the transition of the governorship. I ask that all of you in this chamber – Republicans and Democrats alike – join with her, in the spirit of service, to move our state forward.

For me, the call to serve in these difficult times means that I will leave Arizona soon and, if I am confirmed, will take on a new and demanding role, working with our new President to protect our nation.





It is an honor to be asked to serve in this way, but it is also bittersweet. I want to thank Arizonans for giving me their confidence and allowing me the privilege to lead our state these past six years. I want to thank my staff and my Cabinet for all they have achieved. I want to thank my family and friends who have stood by me.

Leaving is very difficult. But I believe the post our new President has asked me to fill is critical to the safety of Arizonans and to all Americans. I will do my utmost there, as I have done here.

I hope one day to return to this state that I love, but in the meantime, there is much that I will miss. I will miss early mornings on my balcony, smelling orange blossoms as I read the paper. I will miss spring training. I will miss the “dry heat.” Above all, I will miss the wonderful people of this state. I grew up in the West and have lived here nearly all my life. I am a Westerner. Arizona is my home.

And while these are arduous times, and the tasks that lie ahead will not be easy, I trust that when I return home, I will find an Arizona that continued to build its long-term future – an Arizona that has realized even more of what it can be.

I ask that you keep me in your thoughts and prayers, just as I will keep you in mine.

Thank you for your attention today. And thank you for your service to – and belief in – the future of Arizona.